

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7070**

**BILL NUMBER:** HB 1103

**NOTE PREPARED:** Jan 1, 2009

**BILL AMENDED:**

**SUBJECT:** Indiana Worker Preference on Public Works Projects.

**FIRST AUTHOR:** Rep. Tincher

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☒ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill establishes the goal that public works contracts be awarded to a contractor that: (1) employs residents of Indiana as at least 80% of the employees working on the contract; and (2) enters into subcontracts with subcontractors that employ residents of Indiana as at least 80% of the employees working on the contract.

It applies this goal to contracts entered into by the Public Works Division of the Department of Administration (PWD), any state agency or commission entering into a public works contract, the commission governing the Ports of Indiana, the Department of Transportation (INDOT), and units of local government.

The bill provides that if a contractor cannot meet the goal's standards for contractors, the contractor must provide information as to why the contractor cannot meet the standards.

It requires the Commissioner of the Department of Administration to prepare an annual report for the public and the Legislative Council stating, for the contractors awarded public works contracts by the state and the subcontractors with which these contractors entered into subcontracts, the percentage of the contractors' and subcontractors' employees working on the public works contracts who are residents of Indiana.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** *Public Works Contracts:* The bill would have indeterminate fiscal impact on public works projects. The bill establishes a goal for entering into contracts with contractors or subcontractors that provide that 80% of the employees are at least 18 years old and have resided in Indiana

for at least 30 days prior to the date the individual begins working on the contract.

*Reporting Requirements:* Before August 15 of each year, the PWD, state agencies or commissions entering into a public works contract, the Ports of the Indiana Commission, and the INDOT are to report to the Commissioner of the Department of Administration on the percentage of employee employed by contractors or subcontractors who work on each contract and who are residents of Indiana. The Commissioner is to compile and make available this information for the public and the Legislative Council before October 1 of each year.

These reporting requirements could minimally increase costs to these agencies. The funds and resources required could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

*Background:* Currently, the PWD requires contracts and subcontractors to be certified prior to bidding or performing work under contract for which the cost is estimated at more than \$150,000. INDOT requires a form outlining the contractor's experience and financial condition for prequalification before bidding on contracts for the maintenance or construction of highways, bridges, and appurtenances.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Public Works Contracts:* The goal of having Indiana residents be 80% of the employees of contractors and subcontractors would apply to local unit public works contracts. This would have indeterminate fiscal impact on local public works projects.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Administration; Any state agency or commission entering into a public works contract; Port Commission; INDOT.

**Local Agencies Affected:** Local units entering into public works contracts.

**Information Sources:**

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